

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 160 - HB 636

March 23, 2009

SUMMARY OF BILL: Requires health insurers to provide coverage for individuals under the age of 24 years for hearing aids up to \$1,000 per ear every three years. The insured individual may choose a hearing aid which exceeds \$1,000 and pay the amount greater than the covered amount.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures – Net Impact - \$56,200

Increase Local Expenditures – Not Significant

Increase Federal Expenditures - \$33,700

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would not result in a significant increase in the cost of health insurance premiums for plans that do not cover hearing aids for individuals under the age of 24.

Assumptions:

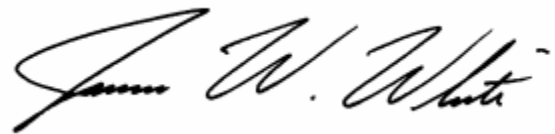
- The provisions of the proposed legislation will become effective January 1, 2010.
- The Department of Health's Children's Special Services Program is a payer of last resort for services that other providers have been billed and denied the claim.
- Currently, the CSS program is paying for 85 enrollees that have hearing aids and private insurance. CSS pays \$800 per hearing aid. If private insurance is required to cover hearing aids, the Department of Health will not longer have to cover the cost of the devices resulting in a decrease in expenditures of \$68,000.
- The TennCare program covers hearing aids for enrollees under the age of 21. The proposed legislation would require TennCare to cover enrollees who are 21 to 23 years old. TennCare estimates that coverage for this

population will resemble the under 21 years of age population resulting in approximately .11 percent needing hearing aids.

- There are approximately 108,580 individuals between the ages of 21 and 23 enrolled in TennCare. The projected hearing aid utilization is 119 (108,580 x .0011) enrollees. The average per person rate for coverage is \$381.91 resulting in an increase in expenditures of \$45,447 (119 x \$381.91). Of that amount, \$11,754 are state funds at a rate of 25.862 percent and \$33,693 are federal funds at a match rate of 74.138 percent.
- The Department of Commerce and Insurance will not incur a significant increase in expenditures to regulate the mandated coverage. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.
- According to the Department of Finance and Administration, the mandate will not apply to the State Employee, Local Government, and Local Education Health Plans.
- Any local government that does not opt into the state employee health plan may incur an increase in expenditures if hearing aids for individuals under the age of 24 are not a covered benefit. Any increase is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

/kml